



ECONOMIC INDICATORS

CITY OF NORFOLK OFFICE OF BUDGET AND GRANTS MANAGEMENT

Last Update: January 14, 2012

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- Norfolk's unemployment rate in November stood at 7.2 percent (not seasonally adjusted), which is 0.9 percentage point below last year's rate and is 0.2 percentage point below last month's rate. (See page 1)
- Virginia nonfarm employment (not seasonally adjusted) rose in November by 42,000 jobs or 1.1 percent from the same period last year, the 31st consecutive month of year-over-year increase. (See page 2)
- Hampton Roads nonfarm employment (not seasonally adjusted) rose 1.1 percent (or 8,200 jobs) in November from the same period last year. Since February 2011, regional employment has been growing year-over-year in every month, except in September 2011 and October 2011. (See page 2)
- From January to November 2012, the average sales price of homes sold in Hampton Roads are up 1.8 percent from the same period last year. (See page 3)
- In Norfolk, the average price of homes sold also increased year-to-date through November by 5.1 percent. The average price of existing and new homes sold both increased year-to-date by 1.9 percent and 0.4 percent, respectively. (See page 3)
- The number of housing units in Norfolk authorized by building permits year-to-date turned upward slightly in November by 3.2 percent (or 19 units). (See page 4)
- Fiscal year-to-date through November, Norfolk sales taxes fell 3.0 percent (or \$352,400). However, adjusting for the correction of an overpayment by the Virginia Department of Taxation, sales taxes are up 4.5 percent (or \$538,200). (See page 5)
- Real GDP increased at an annual rate of 3.1 percent (third estimate) in the third quarter of 2012, which is slightly above the 1.3 percent rate of growth in the second quarter. (See page 6)

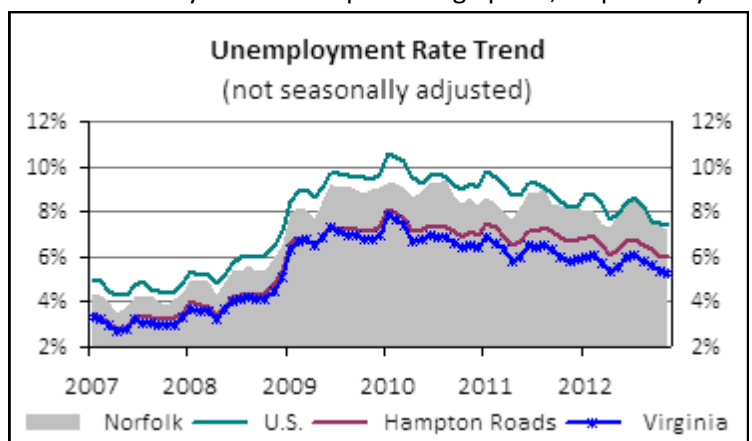
Residential Employment

Hampton Roads and State Unemployment Rate (not seasonally adjusted)

	November 2012*	October 2012	November 2011	10-Year Average
Norfolk	7.2%	7.4%	8.1%	6.1%
Chesapeake	5.4%	5.6%	6.2%	4.5%
Hampton	7.1%	7.2%	8.2%	5.6%
Newport News	6.6%	6.7%	7.4%	5.4%
Portsmouth	7.1%	7.4%	8.4%	6.2%
Suffolk	6.1%	6.4%	7.0%	5.0%
Virginia Beach	5.3%	5.3%	5.8%	4.2%
Hampton Roads	6.0%	6.0%	6.7%	4.9%
Virginia	5.3%	5.4%	5.8%	4.6%

The Virginia Employment Commission (VEC) reported that Norfolk's not seasonally adjusted unemployment rate fell to 7.2 percent in November compared to last year's rate of 8.1 percent and last month's rate of 7.4 percent. The decline from last year reflected the fall in the number of unemployed Norfolk residents by 933 (or 10.8 percent), as the labor force fell by 311 (0.3 percent) and employment grew by 622 (or 0.6 percent). Norfolk's unemployment rate was slightly below the seasonally unadjusted national rate of 7.4 percent.

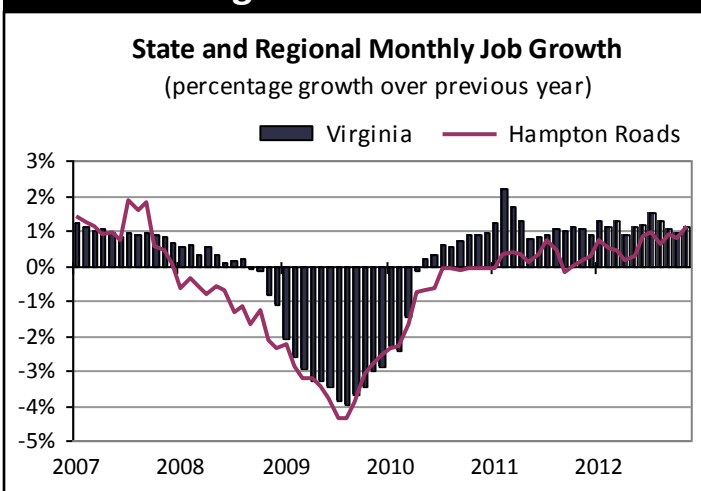
Among the major cities in the region, unemployment also fell from last month and last year, except in Virginia Beach where unemployment was the same as last month (see table above). Unemployment regionally also followed the Virginia Beach trend, remaining the same as last month but was below last year by 0.7 percentage point, while statewide unemployment before seasonal adjustment was below both last year and last month's rate by 0.5 and 0.1 percentage point, respectively.



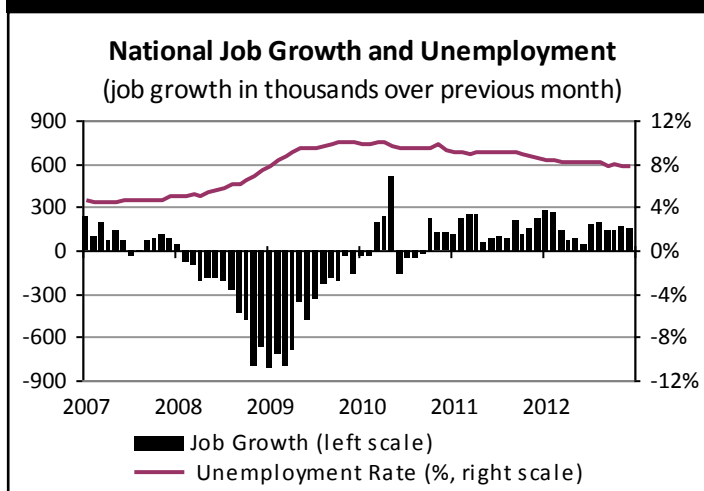
Source: Virginia Employment Commission and U.S. Bureau of Labor Statistics.

* Preliminary figures, subject to revision in the following month.

State and Regional Job Growth



National Job Growth



In November, nonfarm employment statewide continued to increase year-over-year. The Virginia Employment Commission (VEC) reported that nonfarm employment statewide rose 1.1 percent (or 42,000 jobs) to 3,764,700 (not seasonally adjusted) from the same period last year (November 2011). This was the 31st consecutive month of year-over-year job growth statewide (since May 2010).

In Hampton Roads, nonfarm employment also grew year-over-year in November by 1.1 percent (or 8,200 jobs) to 747,100 (not seasonally adjusted). Regional employment had been growing year-over-year in every month (except September and October 2011) since February 2011. In other Virginia metropolitan statistical areas (MSAs), employment fell only in the Danville, Roanoke, and Winchester MSAs, while Northern Virginia had the highest year-over-year increase (30,700 jobs). The table below provides an overview of year-over-year job growth for key sectors in the state and region.

November Job Change in Major Sectors

(not seasonally adjusted; job changes are from previous year)

	Hampton Roads ¹	Virginia ¹
Construction	-700	-3,700
Manufacturing	600	-2,200
Trade (Retail and Wholesale)	1,600	3,200
Transportation and Utilities	-500	2,100
Information	-700	-1,900
Financial Activities	-300	8,500
Professional and Business Services	1,800	11,100
Educational and Health Services	1,900	15,200
Leisure and Hospitality	2,500	6,000
Government	1,800	2,100
Federal Government	800	2,700
State Government	500	300
Local Government	500	100

The Bureau of Labor Statistics (BLS) reported nonfarm payroll employment (seasonally adjusted) in December increased by 155,000 jobs. For the calendar year (CY) 2012, the economy added 1.835 million jobs (preliminary), about the same as last year. The increase has mainly been in the private sector, which added 1.9 million jobs, offset in part by the 68,000 jobs lost in the public sector. Since February 2010 when employment was at its lowest, the private sector added 5.3 million jobs, while the public sector lost 546,000 jobs. However, taking into account the preliminary estimate of the annual benchmark revision, private sector employment has grown by nearly 5.8 million jobs since February 2010. In December, the seasonally adjusted unemployment rate was unchanged from the revised November rate of 7.8 percent.

National Job Growth by Sector

(seasonally adjusted; Dec. growth is from previous month)

	Dec. 2012 ¹	CY 2011 ¹	CY 2012 ^{1,2}
Mining & Logging	4,000	89,000	15,000
Construction	30,000	69,000	18,000
Manufacturing	25,000	233,000	180,000
Trade/Transportation/Utilities	-11,000	406,000	351,000
Information	-9,000	-42,000	-20,000
Finance	9,000	27,000	80,000
Professional/Business Services	19,000	584,000	472,000
Educational/Health Services	65,000	401,000	452,000
Leisure and Hospitality	31,000	318,000	320,000
Other Services	5,000	20,000	35,000
Government	-13,000	-265,000	-68,000
Federal Government	-3,000	-35,000	-42,000
State Government	4,000	-80,000	24,000
Local Government	-14,000	-150,000	-50,000
Total Job Growth	155,000	1,840,000	1,835,000

Source: U.S Bureau of Labor Statistics and Virginia Employment Commission. ¹ Preliminary, subject to revision the following month.

² YTD figures do not include the preliminary estimate of the upcoming annual benchmark revision to be finalized Feb. 2013.

Regional Housing Market

Jan. - Nov. Home Sales	Housing Units Sold		Average Days on Market	
	2011	2012	2011	2012
Hampton Roads	16,592	18,009	101	97
Norfolk	2,065	2,154	96	98
Chesapeake	2,643	2,919	90	83
Hampton	1,169	1,264	104	110
Newport News	1,473	1,478	105	100
Portsmouth	1,010	1,004	101	108
Suffolk	916	1,061	119	100
Virginia Beach	4,835	5,226	90	84

Average Residential Sales Price: January - November Year-to-Date			
Area	2012	2011	% Change
Hampton Roads	\$223,917	\$219,970	1.8%
Norfolk	\$181,365	\$172,568	5.1%
Chesapeake	\$237,317	\$239,811	-1.0%
Hampton	\$158,309	\$155,594	1.7%
Newport News	\$160,913	\$160,497	0.3%
Portsmouth	\$124,078	\$118,741	4.5%
Suffolk	\$224,920	\$238,315	-5.6%
Virginia Beach	\$271,074	\$265,901	1.9%

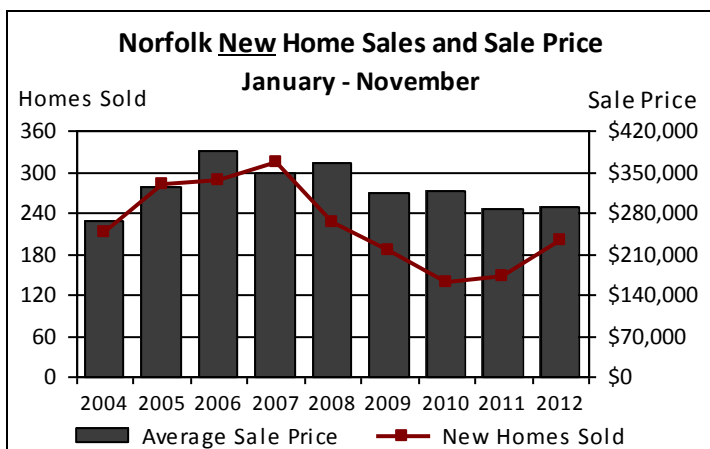
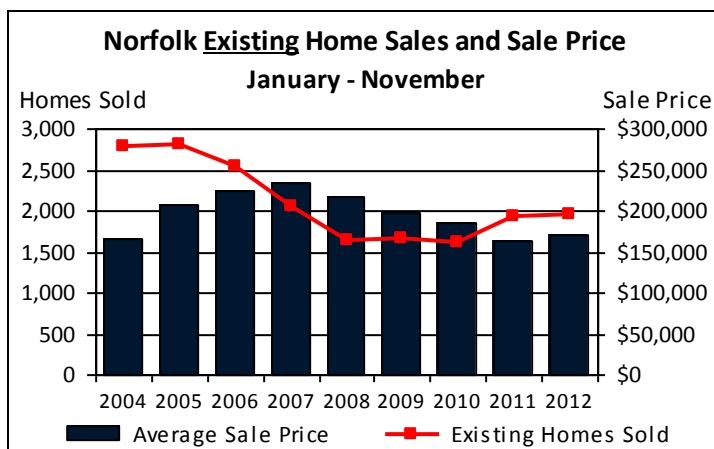
The average sales price of homes sold in Hampton Roads year-to-date (YTD) from January through November, rose 1.8 percent to \$223,917, from \$219,970 last year, according to the Real Estate Information Network (REIN). Among the seven major cities in the region, only Chesapeake and Suffolk saw a decline in the average sales price of homes sold year-to-date. The median sales price YTD was also up from last year in Norfolk, Hampton and Virginia Beach. According to REIN, distressed homes made up 28.35 percent of home sales, the 5th smallest percentage in the past 18 months. The number of homes for sale fell 12.56 percent in November to 10,634 from 12,162 in November 2011, which translates to a 6.51 months' supply at the current sales pace. REIN indicated that this is the region's lowest month's supply since October 2008.

Through November, the number of homes sold in the region was up 8.5 percent or 1,417 homes from the same period last year. REIN indicated home sales are likely continue to rise in the near term, as the number of homes under contract or pending sales, increased 12.72 percent year-over-year in November, the 19th consecutive month of year-over-year increase. Almost all of the seven major cities experienced year-over-year gains—only Newport News saw a decline, while Portsmouth and Norfolk saw the largest increase at 30.77 percent and 25 percent, respectively.

Norfolk Housing Market

From January through November, the number of existing homes sold in Norfolk increased by 1.9 percent (or 36 homes) to 1,956 from 1,920 last year. The average sales price of existing homes sold in Norfolk year-to-date also rose from last year by 4.0 percent to about \$170,400 from \$163,800. The increase in sales price reflects a decrease in existing homes sold for under \$100,000 and an increase in existing homes sold in the \$200,000 range.

New homes sold in Norfolk also increased year-to-date through November by about 37 percent (or 53 homes), from 145 homes to 198 homes this year. The average sales price of new homes sold year-to-date rose slightly by 0.4 percent, to about \$289,500 from \$288,200 last year. For the month of November alone, the average sales price of new homes sold rose 38 percent — the fourth consecutive month the average sales price increased year-over-year.



Source: Real Estate Information Network (REIN)

National Housing Market

Nationwide, existing home sales continued to rise in November, increasing by 5.9 percent from last month (October 2012) and 14.5 percent from last year (October 2011) to a seasonally adjusted annual rate (SAAR) of 5.04 million. Likewise, new home sales rose 4.4 percent from last month and 15.3 percent from last year to 377,000 (SAAR). The inventory of existing homes (2.03 million, which represents a 4.8 month supply) was at its lowest since September 2005. Although the inventory of new homes (149,000, which represents a 4.7 month supply) rose slightly from last month, it remains near historic lows.

The average sales price of existing and new homes both rose in November from last year by 9.1 and 19.9 percent to \$229,500 and \$299,700, respectively. National Association of Realtors Chief Economist Lawrence Yun noted the housing market recovery should continue into next year, as factors driving the recovery (that is, job creation, household formation, and low mortgage rates) is expected to continue as well.

Regional Foreclosure Activity

RealtyTrac reported national foreclosure filings fell in November to 180,817, which was below last month by 3.0 percent and last year by 19 percent. RealtyTrac Vice President Daren Blomquist attributed the decline largely to foreclosure starts which had fallen to a 71-month low, but cautioned that “we’re likely not completely out of the woods...as lenders are still adjusting to new foreclosure rules set forth in the National Mortgage Settlement along with various state laws and court rulings.”

However, foreclosure filings and starts spiked in most of the seven major cities in Hampton Roads and in Northern Virginia as well. Vinod Agarwal professor of economics at Old Dominion University indicated to Virginian-Pilot “not to put too much emphasis on one-month numbers” and pinpointing the cause of the spike is not simple without knowing more about which banks hold the mortgages.

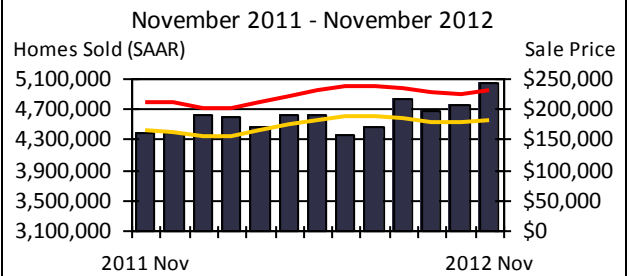
Foreclosure Activity—November 2012

	Properties with Foreclosure Filings	% Change from:	
		last month	last year
Norfolk	133	75.0%	46.2%
Chesapeake	123	12.8%	23.0%
Hampton	55	-5.2%	1.9%
Newport News	77	71.1%	18.5%
Portsmouth	99	110.6%	65.0%
Suffolk	35	29.6%	12.9%
Virginia Beach	247	104.1%	28.0%
Fairfax Co.	318	55.9%	-14.3%
Prince William Co.	227	23.4%	-8.8%
Loudoun Co.	154	62.1%	7.7%
Virginia	2,501	34.0%	-0.1%
Nation	180,817	-3.0%	-19.4%

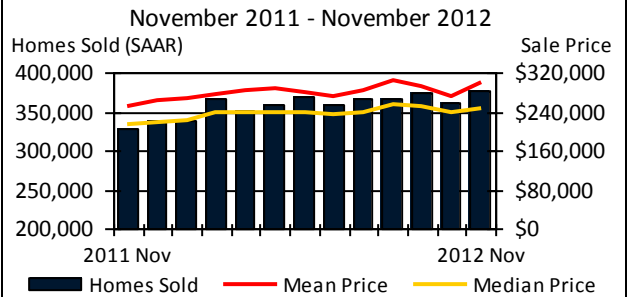
Source: RealtyTrac, City of Norfolk Economic Development, National Association of Realtors, U.S. Census Bureau, and Virginian-Pilot.

* “Other” includes new units in mixed use structures, residential conversions, and accessory dwellings.

Existing Home Sales and Sale Price



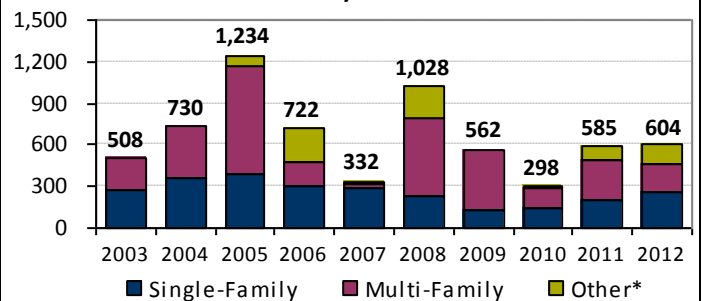
New Home Sales and Sale Price



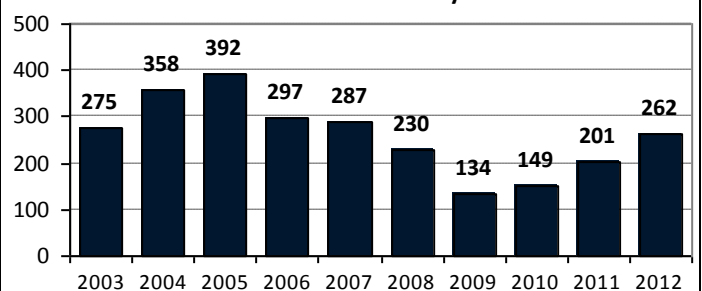
Norfolk Residential Building Permits

The number of housing units in Norfolk authorized by building permits year-to-date (YTD) turned upward slightly in November by 3.2 percent (or 19 units). The increase YTD was due to single-family homes permitted (61 units) which are at their highest level since 2008, and the conversion of the Wainwright building to apartments (126 units in the “other” category). These increases were offset partly by a decrease in units permitted in multi-family structures. This year, there has only been one large multi-family project (Promenade Pointe, 183 units) permitted YTD, whereas last year, there were three permitted YTD.

Number of Housing Units Permitted in Norfolk from January to November



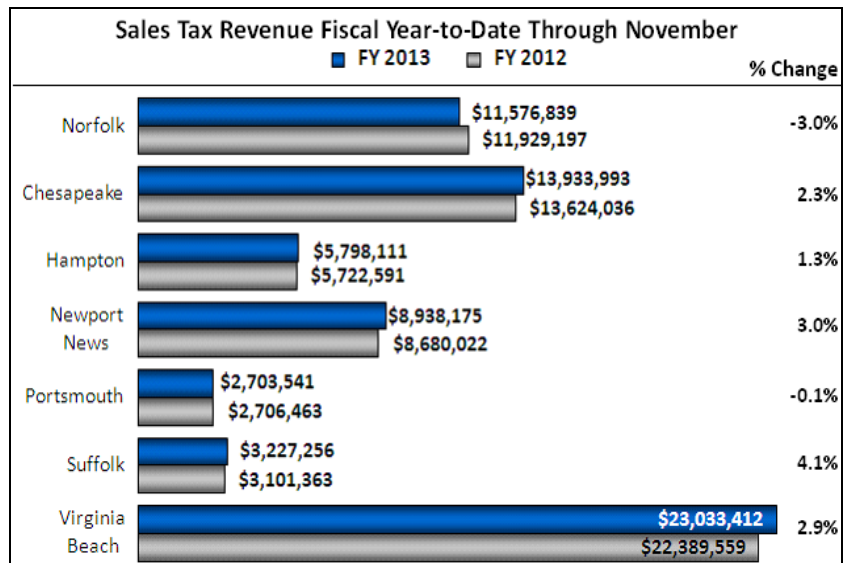
Number of New Single Family Dwellings Permitted in Norfolk from January to November



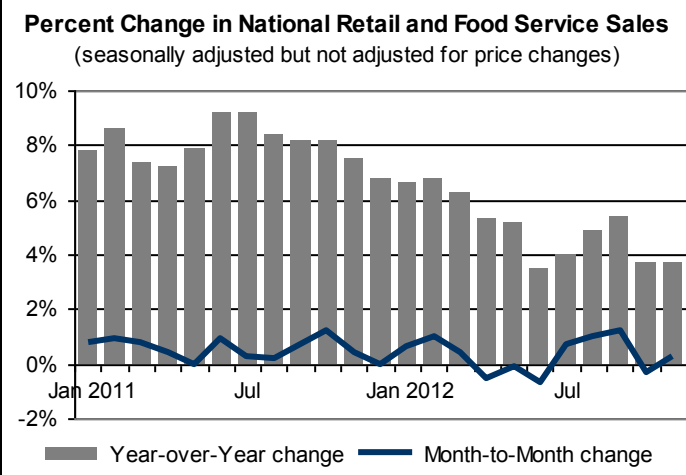
Norfolk and Regional Sales Tax

Norfolk sales tax revenue in November totaled about \$2.5 million, which was above last year (November 2011) by about \$126,200 (or 5.2 percent). The other major cities in region, except Portsmouth, also saw a year-over-year increase in November sales, ranging from 1.3 percent (Newport News) to 4.9 percent (Hampton). The November sales report, which include sales occurring on and around Black Friday, provide the first indicator of holiday sales.

Fiscal year-to-date (YTD) through November, Norfolk's sales tax collections totaled about \$11.6 million, which is down 3.0 percent (or about \$352,400) from the same period last year. However, adjusting for the correction of an overpayment by the Virginia Department of Taxation, Norfolk sales taxes are up YTD by 4.5 percent (or \$538,200). The other major cities in the region, except Portsmouth, are also seeing YTD gains from the same period last year, ranging from 1.3 percent (Hampton) to 4.1 percent (Suffolk).



National Retail and Food Service Sales

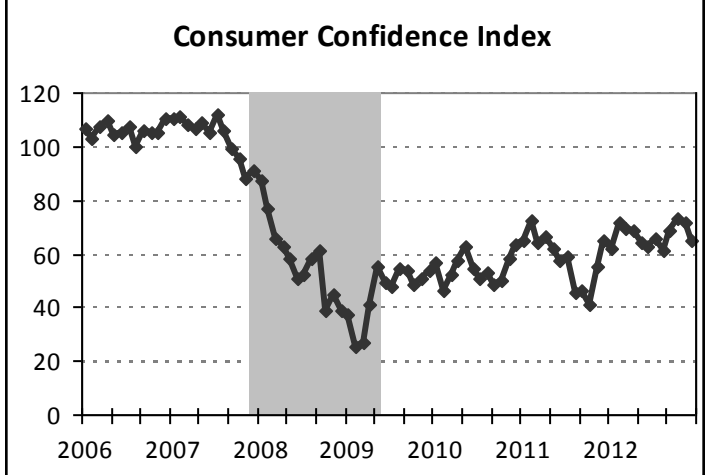


The U.S. Census Bureau reported national retail and food services sales in November rose 0.3 percent (preliminary) from the previous month (October), after declining 0.3 percent (revised) in October from September. Although only food and beverage stores, gas stations (due to the decline in gas prices), and general merchandise stores (which includes department stores) saw a decline in retail sales, the increase was mostly due to motor vehicle sales and sales by nonstore retailers (which include electronic shopping and mail-order houses).

Compared to last year (November 2011), retail sales rose 3.7 percent. The increase was broad based, driven by motor vehicle sales and sales by nonstore retailers, restaurants and bars, food and beverage stores, clothing stores and building and garden supplies dealers (which may have been affected by rebuilding efforts following Hurricane Sandy). Among the major retail sectors, only retail sales by general merchandise stores and electronics and appliance stores declined from last year.

Source: Virginia Department of Taxation, U.S. Census Bureau, and Conference Board.

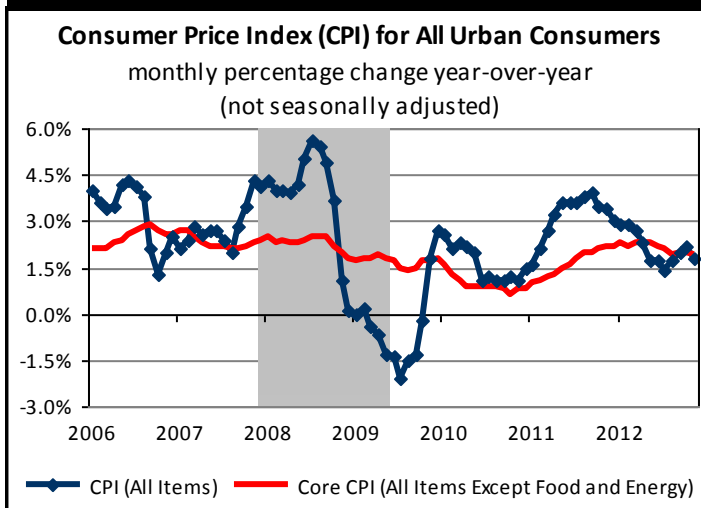
Consumer Confidence Index



The Conference Board reported consumer confidence moderately declined in December to 65.1 from 71.5 in November. The decrease was mainly due to consumer appraisal of future business conditions, while consumer appraisal of current business conditions improved in December. Consumer appraisal of future business conditions, as measured by the Expectations Index, fell to 66.5 in December from 80.9 in November. Consumer appraisal of current business and employment conditions as measured by the Present Situation Index rose to 62.8 from 57.4 in November.

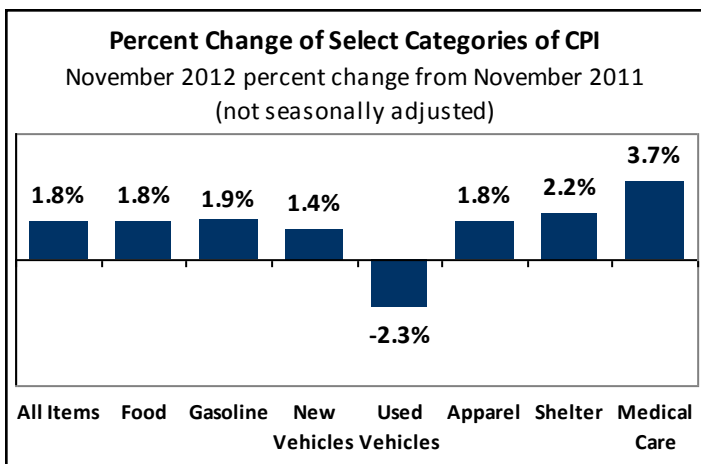
Lynn Franco, Director of Economic Indicators at The Conference Board indicated "consumers' expectations retreated sharply in December resulting in a decline in the overall Index. The sudden turnaround in expectations was most likely caused by uncertainty surrounding the oncoming fiscal cliff. A similar decline in expectations was experienced in August of 2011 during the debt ceiling discussions."

Consumer Price Index



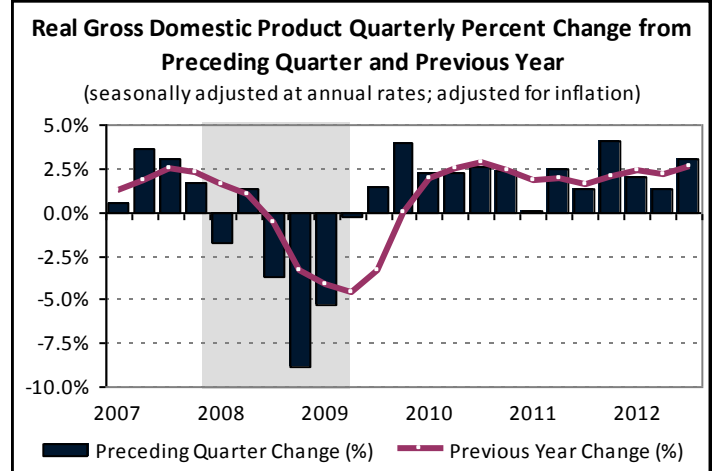
The Consumer Price Index (CPI) is a measure of the average change in prices over time of goods and services purchased by households. The Bureau of Labor Statistics (BLS) reported that the CPI for all urban consumers decreased 0.3 percent in November from the previous month (October) on a seasonally adjusted basis, the first monthly decline since May 2012. BLS indicated that the decrease in the CPI was driven by the gasoline index, which fell 7.4 percent from October, its largest monthly decrease since December 2008. The decrease in gasoline more than offset the monthly rise in the indices for food (0.2 percent) and all items except food and energy (0.1 percent) and also drove the monthly decline in the energy index (4.1 percent), despite the increase in the natural gas (1.3 percent) and electricity (0.7 percent) indices.

From the previous year (November 2011), the CPI rose 1.8 percent before seasonal adjustment, after increasing 2.2 percent in October. Food index rose 1.8 percent year-over-year, while energy prices rose 0.3 percent, after increasing 4.0 percent and 2.3 percent in October and September, respectively, due to lower year-over-year increase in gasoline (1.9 percent). The index for all other items except food and energy rose 1.9 percent from last year, due to all major components except used vehicles.



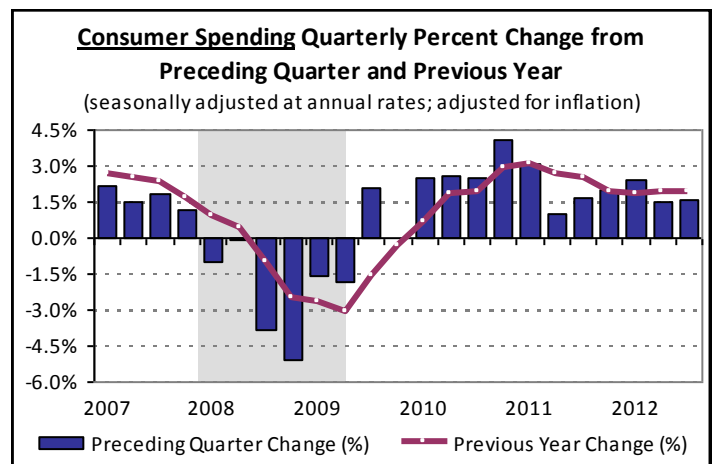
Real Gross Domestic Product (GDP)

The Bureau of Economic Analysis (BEA) reported real GDP grew at an annual rate of 3.1 percent (third estimate) in the third quarter of 2012, which was above the rate of growth of 1.3 percent in the second quarter of 2012. The third estimate was also above the second estimate of a 2.7 percent increase, which was due to an upward revision in exports, consumer spending, and state and local government spending, and a downward revision in imports. Real GDP is the value of all goods and services produced within the U.S., adjusted for inflation, and is the broadest measure of economic activity.



Real GDP accelerated in the third quarter due to the following.

- **Consumer spending** grew 1.6 percent compared to 1.5 percent in the second quarter;
- **Government spending** grew at an annual rate of 3.9 percent, after eight straight quarters of decline, due to the increase in federal spending (9.5 percent) and state and local government spending (0.3 percent);
- **Investment in business inventory** rose \$60.3 billion after increasing \$41.4 billion in the second quarter and **investment in residential structures** grew 13.5 percent, after rising 8.5 percent in the second quarter; and
- **Imports**, which are a subtraction from real GDP, fell 0.6 percent, after rising 2.8 percent in the second quarter.



Source: U.S. Bureau of Labor Statistics and U.S. Bureau of Economic Analysis